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FARMERS
HOME
ADMINISTRATION

in brief X

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U. S. Farmers Home Administration //
7 (UNITED STATES DEPARTMENT OF AGRICULTURE
5a Washington // D. C. PA-547) //

FARMERS HOME ADMINISTRATION in brief

The Farmers Home Administration, an agency of the U.S. Department of Agriculture, serves eligible farmers with credit and needed technical help on farm and money management problems. Loans are made only to applicants unable to obtain adequate credit from other sources at reasonable rates and terms.

Operating Loans

Operating loans are made to eligible operators of farms, not larger than family farms, to assist them in making improved use of their land and labor resources and make adjustments necessary for successful farming. Funds may be advanced to pay for equipment, livestock, feed, seed, fertilizer, for other farm and home operating needs, to refinance chattel debts, provide operating credit to fish farmers, carry out forestry purposes and develop income-producing recreational enterprises.

Each loan is scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 7 years. The interest rate is 5 percent.

Loans average around \$3,600 and vary considerably in size depending upon the needs of the applicants. A borrower's total principal indebtedness for operating loans may not exceed \$35,000.

Farm Ownership Loans

Farm ownership loans are made to eligible farmers to enlarge, develop, and buy farms not larger than family farms, and to refinance debts, provide real estate credit to fish farmers, carry out forestry purposes and develop income-producing recreational enterprises.

Each loan is scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 40 years. The interest rate is 5 percent.

Loans average around \$15,000 and vary considerably in size depending upon the needs of the applicants. A borrower's total principal indebtedness on the farm at the time the loan is made may not exceed \$60,000 or the normal value of the security, whichever is less.

Water Development and Soil Conservation Loans

Loans for water and land development, use and conservation are made to eligible individuals and groups of farmers and rural residents to develop water supply systems for irrigation, household use and livestock, to drain farm land and to carry out soil conservation measures.

Loans for shifts in land use including the development of recreational facilities are also made to nonprofit associations in rural areas.

Each loan is scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 40 years. The interest rate varies between 4½ and 5 percent depending on the type of loan.

Loans to individuals average around \$5,000, and to associations \$100,000, but vary considerably in size depending upon the needs of the applicants. In the case of individual loans, a borrower's total indebtedness on the farm at the time the loan is made may not exceed \$60,000 or the normal value of the security, whichever is less. An association's total indebtedness cannot exceed \$500,000 when the loan is made from appropriated funds and \$1,000,000 when made from insured funds.

Rural Housing Loans

Rural housing loans are made to eligible farm owners and owners of nonfarm tracts in rural areas and small rural communities with populations of not more than 2,500. Loans are made for the construction and repair of needed homes and essential farm buildings.

Each loan is scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 33 years. The interest rate is 4 percent.

Loans average around \$9,000 and vary considerably in size depending upon the needs of the applicants. Funds may be used only to finance dwellings and farm service buildings that are adequate but modest in size and design.

Insured loans may be made to individual farmers, groups of farmers, and public or private nonprofit organizations to finance housing facilities for domestic farm labor.

Housing loans may be made to elderly people, 62 years of age and over, who live in rural areas to buy previously occupied housing as well as build or improve their homes. Senior citizens can use a housing loan to finance the cost of a building site as well as the dwelling. When they do not

have enough repayment ability they may use co-signers to assume loan payments.

Insured loans may be made in rural areas to individuals, corporations, and partnerships to provide rental housing for elderly rural people. The maximum amount of a loan is \$100,000. The interest rate is $5\frac{3}{4}$ percent.

Emergency Loans

Emergency loans are made to eligible farmers in designated areas where natural disasters such as floods and droughts have brought about a temporary need for credit not available from other sources. Loans may be made for the purchase of feed, seed, fertilizer, replacement equipment and livestock, and for other items needed to maintain normal operations. Loans may not be made to refinance debts or compensate applicants for their losses. Loans may be made to eligible oyster planters.

Emergency loans may also be made outside of designated areas to farmers who have been affected by disaster when the disaster affects only one or a few farms.

Loans are scheduled for repayment when income from the crop or livestock financed is normally received. The interest rate is 3 percent.

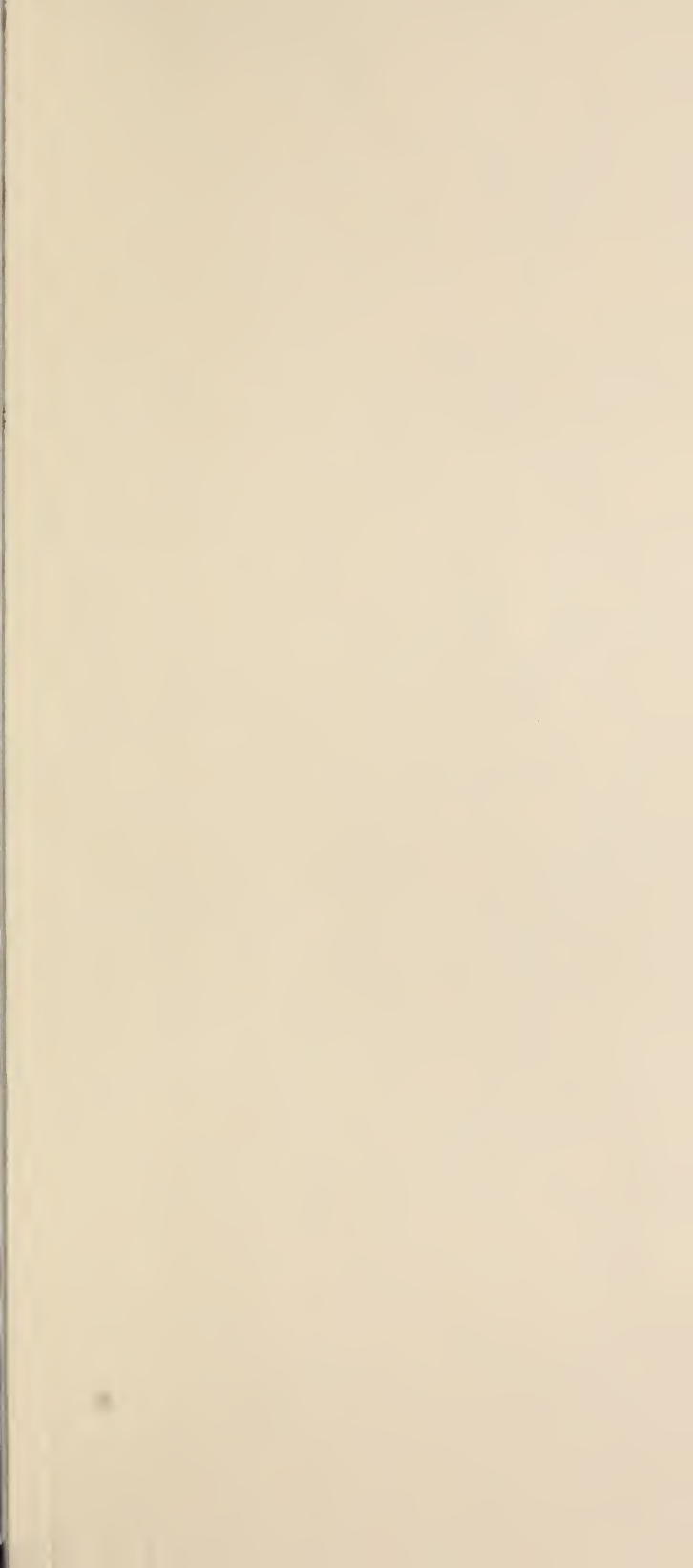
Loans average around \$3,000 and vary considerably in size depending upon the system of farming to be financed and the actual needs of the applicants.

Watershed Loans

Watershed loans are made to local organizations to help finance projects that protect and develop land and water resources in small watersheds. Loans are made only under watershed plans approved by the Soil Conservation Service and, under certain conditions, by the Congress.

Eligible local organizations include soil conservation districts, irrigation districts, drainage districts, flood prevention and control districts, municipal corporations, nonprofit irrigation or reservoir companies, mutual water companies, water users' associations and similar organizations.

Loan funds may be used to pay the applicant's share of the cost of flood control dams and reservoirs, water supply reservoirs, rural water supply distribution systems, diversion dams, irrigation canals, drainage facilities, recreation facilities, easements and similar purposes.



Watershed loans are made payable over periods up to 50 years. The interest rate for loans made in fiscal year 1963 is 2.936 percent.

Rural Areas Development

Supervised credit helps farm families improve their farms and homes, increase their incomes, and make their full contribution to the economic growth of their communities. This combination of credit plus management assistance is a major tool in rural areas development.

The development of better rural housing, rural community water systems and rural community recreation facilities contribute to the growth of rural communities.

The Farmers Home Administration also helps rural communities strengthen their economy by coordinating the rural areas development services available from all USDA agencies.

In addition, the FHA offers technical assistance and loans to rural communities that plan widescale rural renewal programs.

General Information

Most of the loans made by the Farmers Home Administration are made to farmers who carry on farming operations on a scale large enough to support their family. However, loans are also made to farmers on small farms who obtain part of their income from off-farm employment.

Each loan is based on a plan that when followed will provide enough income from the farm and other sources to enable the family to have a reasonable standard of living and make payments when due on their debts.

The county supervisors of the Farmers Home Administration assist borrowers in preparing the farm and home plan, and provide on-the-farm assistance with farm management problems. Where major adjustments and improvements are being made the county supervisors meet with borrowers at the end of each year to help them analyze the strength and weaknesses of their farm operations and draw up plans for further improvements in the coming year.

Applications from veterans with farm experience receive preference.

All applications for loans are made at local county offices of the Farmers Home Administration, generally located at county-seat towns. A county or area committee of three farmers certifies the eligibility of applicants and the maximum amount of each loan, and reviews borrowers' progress.

Loans made by the Farmers Home Administration supplement and in no case compete with credit provided by other lenders.

The technical farm and financial management assistance that the Farmers Home Administration supplies with each loan, plus the fact that the agency advances credit based on the repayment ability of the farmer, and may make loans up to the appraised value of the security, enables the agency to serve the credit needs of farmers who cannot obtain funds from other sources.

Borrowers must agree to refinance their loans with other lenders when they reach a point where they can do so.

Assistance is provided applicants in determining their credit needs, working out debt repayment schedules, and solving other financial management problems even though they may not be eligible for a Farmers Home Administration loan.

Loans are made from funds provided by Congress and, in the case of farm ownership, rental housing for senior citizens, labor housing, and water development and soil conservation loans, from funds advanced by private lenders on an insured basis.

Full details on loans and services can be obtained from local county Farmers Home Administration supervisors. Anyone unable to locate the local office may write to the Farmers Home Administration, Washington 25, D. C.

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~~84~~ This publication supersedes PA-255, Thumbnail Sketch of the Farmers Home Administration.

